

For: CMA's, DMA's, and LSA's

**2007 Crop Year Producer Eligibility Policy and  
Shutdown and Startup of Automated CMA Process**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

According to 1-CMA, CCC-approved CMA's, DMA's, and LSA's are responsible for:

- determining that CMA members, DMA producers, and LSA producers are eligible to receive CCC MAL's and LDP's
- allocating market gains and LDP's only within an eligible producer's PLM for the applicable producer
- using the automated CMA process to determine producer eligibility and to properly allocate market gains and LDP's.

Submissions to the automated CMA process will begin for the 2007 crop year on Wednesday, **June 20, 2007**. This should allow CMA's, DMA's, and LSA's adequate time to:

- make needed 2007 crop year PLM adjustments
- correct eligibility discrepancies.

**B Purpose**

This notice provides CMA's, DMA's, and LSA's with:

- producer eligibility provisions for the 2007 crop year
- producer PLM's applicable to the 2007 crop year
- **June 13, 2007**, as the last date for submitting 2006 crop year eligibility files
- **June 20, 2007**, as the beginning date for 2007 crop year submissions.

**Disposal Date**

August 1, 2007

**Distribution**

State Offices; State Offices relay to CMA's,  
DMA's, and LSA's

## Notice CMA-104

### 1 Overview (Continued)

#### C Contact

CMA's, DMA's and LSA's shall direct questions about this notice to Shanita Hines by telephone at 202-720-9888.

### 2 2007 Crop Year Loan and LDP Producer Eligibility PLM's

#### A General Eligibility Requirements

Producers applying for loans or LDP's through CMA's, DMA's, or LSA's must:

- comply with USDA HELC and WC provisions by filing AD-1026 at their administrative FSA County Office
- comply with FSA actively engaged in agriculture and PLM provisions by filing CCC-502 at their administrative FSA County Office

**Note:** Producers not meeting actively engaged and PLM provisions remain eligible for a marketing assistance loan to be repaid at principal plus interest or with a commodity certificate exchange.

- file FSA-578 for all cropland on the farm for which a loan or LDP is requested
- not have been convicted under Federal or State law of a controlled-substance violation
- comply with the average AGI limitation

**Note:** Producers not complying with AGI remain eligible for a loan to be repaid with principal plus interest or with a commodity certificate exchange.

- not be delinquent on any nontax Federal debt according to DCIA
- not be disqualified because of Federal crop insurance fraud.

#### B PLM's Effective for the 2007 Crop Year

Applicable PLM's per person are:

- unchanged from the 2006 crop year
- \$75,000 for cotton, honey, mohair, oilseeds and grains, peanuts, rice, and wool.

**Note:** Commodity certificate exchanges are not applicable to PLM.

### 3 Eligibility Requirements and Applicable CMA Process Output Fields

#### A HELC and WC Compliance

CMA, DMA, and LSA producers must visit their administrative FSA County Office to complete or update AD-1026 to comply or continue compliance with HELC and WC provisions. The FSA County Office maintains a flag in subsidiary files that is applicable to the current year. If a CMA, DMA, or LSA producer:

- is in violation of HEL/WC provisions, the CMA process output file will return:
  - a "Y" in field [47]
  - an "I" in field [1] making the producer ineligible
- does not file AD-1026, or the AD-1026 flag is invalid, the CMA process output file will return:
  - a "Y" in field [60]
  - an "I" in field [1] making the producer ineligible.

#### B Actively Engaged in Agriculture and Person Determination

CMA, DMA, and LSA producers must visit their administrative FSA County Office to maintain their applicable CCC-502 to establish:

- that they are actively engaged in agriculture
- the number of persons applicable to PLM
- entities to receive payments
- compliance with cash rent tenant rules.

If a CMA, DMA, or LSA producer:

- has not undergone a "person" determination, or the County Office flag is blank, the CMA process output file will return a "Y" in field [61] or [72]
- is not actively engaged in agriculture, the CMA process output file will return a "Y" in field [59] or [71]
- does not have a PLM record in the County Office, the CMA process output file will return a "Y" in field [73]
- is not in compliance with cash rent tenant rules, the CMA process output file will return a percentage of PCF value of less than 1.000 in field [69]
- did not designate entities to receive payment, the CMA process output file will return a PE value of less than 1.000 in field [70].

**3 Eligibility Requirements and Applicable CMA Process Output Fields (Continued)**

**B Actively Engaged in Agriculture and Person Determination (Continued)**

CMA's, DMA's, and LSA's shall:

- monitor the above fields of the CMA process file
- **deny** or reduce a market gain or LDP to producers according to 1-CMA, paragraph 134 when any of the applicable flags are set to "Y".

**C Acreage Reporting Requirement**

The 2002 Farm Bill requires that to receive loans and LDP's, a producer must file FSA-578 for all cropland on the farm for which a loan or LDP is requested.

For producers not meeting the acreage reporting requirements on a farm, the CMA process now returns:

- a "Y" in field [49] and an "I" in field [1] when:
  - the producer's ID number is not associated with a crop on any farm for which an eligibility record is requested by CMA
  - no crop shares were reported for the producer's ID number
- a "Y" in field [50] and an "I" in field [1] when the cropland reported for a farm does not equal the cropland amount.

PSD recognizes that loans and LDP's may be requested for crops, such as wheat, before a complete FSA-578 on other crops, such as corn, is filed. Therefore, a producer who has only reported wheat may be ineligible for a wheat loan or LDP. In these cases, according to 1-CMA, paragraph 385, CMA's, DMA's, and LSA's are authorized to:

- obtain loans and LDP's for producers they believe to be eligible
- repay loans or LDP's if after 90 calendar days from the date of loan or LDP the producer remains ineligible.

### 3 Eligibility Requirements and Applicable CMA Process Output Fields (Continued)

#### D Controlled Substance Violations

CMA, DMA, or LSA producer's administrative FSA County Office will:

- determine whether a producer has been convicted under Federal or State law of a controlled-substance violation
- set the appropriate flag in the County Office subsidiary files.

If a producer is determined to be in violation of controlled-substance provisions, the CMA process will:

- return a flag set to "Y" in field [48]
- set the flag in field [1] to "I" making the producer ineligible.

#### E AGI Limitation

Effective for the 2003 through 2007 crop years, an individual or entity shall not be eligible for marketing loan gains and LDP's, if both of the following apply:

- the average AGI of the individual or entity exceeds \$2.5 million
- less than 75 percent of the average AGI is derived from farming, ranching, or forestry operations.

CMA, DMA, or LSA producer's administrative FSA County Office will:

- accept certification of a producer's AGI on CCC-526
- set a negative flag in subsidiary files if the producer is in violation of AGI provisions.

CMA's, DMA's, and LSA's shall:

- monitor field [54] of the CMA Process file
- **deny** a market gain or LDP to producers when the AGI flag is set to "Y".

For joint operations or entities, where a member does not comply with AGI, CMA's, DMA's, and LSA's shall:

- review ownership interest in any entity to the 5th level, if applicable, to determine applicable commensurate share reductions
- calculate commensurate share reductions according to 1-CMA, subparagraph 134 B.

### 3 Eligibility Requirements and Applicable CMA Process Output Fields (Continued)

#### F DCIA Compliance

According to DCIA, producers who are delinquent on nontax Federal debt are ineligible for Federal loans including LDP's. CMA's, DMA's, and LSA's shall:

- not obtain loans and LDP's on behalf of delinquent Federal debtors, except if the debtor resolves the delinquency before the final loan availability date according to 1-CMA, paragraph 107
- monitor field [67] of the CMA process output file to identify producers who are delinquent debtors to FSA
- until DCIA electronic data is made available, obtain producer certification for DCIA by:
  - entering the following statement on an annual addendum to the CMA's uniform marketing agreement, "Are you or any co-applicant delinquent on any Federal nontax debt?"

**Note:** Provide blocks for the producer to check "yes" or "no" to the question.

- obtaining DCIA certification from CMA members at least annually on the addendum to the uniform marketing agreement
- obtaining LSA producer certification on the applicable CCC Cotton A-5 or a separate LSA-generated form
- obtaining DMA producer certification on CCC-678 or a separate DMA-generated form.

### 4 Final 2006 Crop Year Input File Submission and Output File

#### A Deadline and Final Output File

The deadline for final 2006 crop year **input** file submission is 6 p.m. c.t. Wednesday, **June 13, 2007**. The final 2006 crop year **output** files will be available for downloading after 2:00 p.m. c.t. Friday, **June 15, 2007**.

## Notice CMA-104

### 5 Making Submissions for the 2007 Crop Year CMA Process

#### A Making Submissions and Requesting Assistance

CMA's, DMA's, and LSA's shall:

- follow the instructions in 1-CMA, paragraph 238, to determine the type of record submission

**Important:** For joint operations or entities, CMA's, DMA's, and LSA's shall submit the "parent" ID number in field [7] of the input file to the CMA process, **not** the individual component member ID number. CMA process will return applicable eligibility and PLM data for each component member. Cotton Cooperatives must **not** confuse the "parent" ID number with the primary ID number that is submitted to the Automated Cotton Reporting System.

- begin regular 2007 crop year file submissions on **June 20, 2007**
- if necessary, call for technical assistance from FSA's National Help Desk at 800-255-2434; select option 1 for web support:
  - to verify if CMA or LSA system is functional with the Web Room
  - whenever there are transmission problems.

#### B Record Format of Input File

The input file:

- is named CMAssccc.MB1 ("ssccc" is the applicable State and CMA or LSA code)
- provides ITSD-ADC basic producer data to process producer eligibility and PLM data
- shall be submitted according to this notice, with a "07" in field [8]
- is created according to the following format.

Field No.	Contents	Begin	Length	Data Type
1	Record status.	1	1	Character
2	CMA or LSA State code.	2	2	Character
3	CMA or LSA county code.	4	3	Character
4	Crop code.	7	4	Character
5	State code of administrative County Office.	11	2	Character
6	County code of administrative County Office.	13	3	Character
7	Producer ID number.	16	9	Character
8	Crop year.	25	2	Character
9	Farm serial number (to delete records only).	27	7	Character
10	Filler.	34	10	

## 5 Making Submissions for the 2007 Crop Year CMA Process (Continued)

### C Control Record File

A control file:

- provides ITSD-ADC a count of the records submitted in the input file
- is named CMAssccc.MB4 (“ssccc” is the applicable State and CMA or LSA code)
- shall be created according to the following format.

Field No.	Contents	Begin	Length	Data Type
1	State code of CMA or LSA.	1	2	Character
2	County code of CMA or LSA.	3	3	Character
3	Filler.	6	1	
4	Number of records in input file.	7	7	Character
5	Filler.	14	1	
6	Date input file was prepared in the following format: yyyy/mm/dd.	15	10	Character

### D Preparing Files for Submission

One file will be prepared for submission and transmitted as follows:

- create a zipped transmission file named KCXXXBBS.000 (“XXX” is the assigned CMA, DMA, or LSA **ALPHA** code and “000” is the next sequential transmission ID number after the last transmission)
- the transmission file shall contain the MB1 input file and the MB4 control file
- secure File Transfer Protocol (FTP) the file according to 1-CMA, paragraph 204.

### E Submission and Download Schedule

For the 2007 crop year, the submission deadline is:

- **Sunday** by 6 p.m. c.t.; the resulting download will be available the following **Tuesday**
- **Wednesday** by 6 p.m. c.t.; the resulting download will be available the following **Friday**.